



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 06/18/02
AGENDA ITEM 6
WORK SESSION ITEM

TO: Mayor and City Council
FROM: Finance Director
SUBJECT: Request for Cable Franchise Transfer

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution consenting to assignment of the cable franchise to AT&T Comcast Corporation.

BACKGROUND/DISCUSSION:

AT&T Broadband, a subsidiary of AT&T, currently holds the cable franchise for the City of Hayward. The AT&T Corporation, and the Comcast Corporation have announced their intention to combine their cable systems into a new public company, AT&T Comcast Corporation, with AT&T Comcast Corporation becoming the entity responsible for providing cable service in Hayward.

Under the terms of the franchise agreement, AT&T Broadband must request approval in writing for any transfer, change of control or ownership affecting the Franchise Agreement. AT&T Broadband has made such a request and the City has until June 30, 2002 to deny or approve the request. Staff is recommending that the City consent to the assignment of the cable franchise.

For the purpose of determining whether the City should consent or deny the change, staff has inquired into the background of the proposed new management and technical qualifications of the prospective support staff. Additionally, staff has reviewed the legal formation of the merger and financial records of AT&T Broadband and the Comcast Corporation. Under the Franchise Agreement the City's review of any proposed change is limited to these specific areas. Based on this review there were no instances that came to staff's attention that would provide a basis for denying the Franchisee's request.

This transaction will not change the holder of the franchise; the franchise will continue to be held by AT&T Broadband. However, the transaction will result in a new indirect parent company for the Franchisee, known as AT&T Comcast Corporation.

The Franchisee has no current plans to change the terms and conditions for the service and operations of the cable system as a consequence of this transaction.

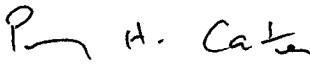
Further, Council's consent to this transaction will not change the terms and conditions of the existing franchise agreement which expires on March 8 of 2007. The consent or approval is an acknowledgement that the City has reviewed the proposed transaction and will not seek a legal challenge based on the qualifications set forth in the Franchise Agreement.

Prepared by:



Carl T. Guiton Jones, Auditor

Recommended by:



Perry Carter, Finance Director

Approved by:



Jesus Armas, City Manager

Attachments:

DRAFT

OK
6/13/02

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

RESOLUTION CONSENTING TO THE CHANGE OF CONTROL AND INTERNAL RESTRUCTURING BETWEEN AT&T CORPORATION AND COMCAST CORPORATION

WHEREAS, the cable franchise holder AT &T Broadband, in Hayward, California is an indirect subsidiary of AT&T Corp., and AT&T intends to merge with Comcast Corporation to create a new company to be known as AT&T Comcast Corporation pursuant to the terms of an Agreement, the Plan of Merger and a Separation and Distribution Agreement dated December 19, 2001; and

WHEREAS, prior to the Merger, pursuant to an internal corporate restructuring, the cable franchise or stock of the Franchisee, or indirect ownership of the Franchisee, may be transferred through one or more internal transfers or mergers to another direct or indirect subsidiary of AT&T, or Franchisee may elect as permitted by law to convert or reorganize in legal form to a limited liability company (together with the Merger, the "Transactions"); and

WHEREAS, following the Transactions, the resulting entity will be controlled by AT&T Comcast but will continue to operate the System and continue to hold and be responsible for performance of the cable franchise; and

WHEREAS, Franchisee and AT&T Comcast have requested that Franchise Authority consent to the Transactions in accordance with the requirements of the cable franchise and have filed an FCC Form 394 ("Transfer Application") with the Franchise Authority requesting such consent Transactions; and

WHEREAS, the Franchise Authority has reviewed the Transfer Application, examined the legal, financial and technical qualifications of AT&T Comcast, followed all required procedures in order to consider and act upon the Transfer Application, and considered the comments of all interested parties; and

WHEREAS, the Franchise Authority is willing to consent to the Transactions.

NOW, THEREFORE, BE IT RESOLVED:

SECTION 1. The Franchise Authority hereby consents to the Transactions in

NOW, THEREFORE, BE IT RESOLVED:

SECTION 1. The Franchise Authority hereby consents to the Transactions in accordance with the terms of the cable franchise and applicable law.

SECTION 2. This Resolution shall be deemed effective upon adoption.

SECTION 3. This Resolution shall have the force of a continuing agreement with Franchisee and AT&T Comcast, and Franchise Authority shall not amend or other wise alter this Resolution without the consent of the Franchisee and AT&T Comcast.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2002

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward